

Promotion of ICT Strategy

Use of ICT Will Deepen Shopping Experience.

Full-scale efforts to expand e-commerce

The "IoT era" when everything connects to the Internet has come. Lifestyles are more greatly changing through the Internet. In order to make e-commerce as well as shopping in physical stores more comfortable and more convenient, we think we have many roles to be filled.

Actually, e-commerce represents only around 1% of the Department Store Business, but it has enough room to grow by using the Group's advantages. Therefore, combining the use of the know-how and fulfillment of Senshukai, the Group's equity method associate, and the improvement of attractive content that has a competitive advantage such as offering of "*depachika* (department store's basement food floor)" products, which is department store's strength, we will radically renew our department store e-commerce website.

As for e-commerce fulfillment, we created a warehouse dedicated to our e-commerce in the Minokamo Distribution Center of Senshukai and built a system where we entrust Senshukai with operations in the warehouse including the management and shipment of part of the product stocks offered on our e-commerce website.

We will accelerate market expansion by Senshukai and Daimaru Matsuzakaya Department Stores and the improvement of management efficiency as well as establishing the omnichannel brand and deepening the use of Senshukai's know-how on the department store website. Especially, in terms of market expansion, we are considering the expansion of mutual sale using the customer bases and merchandising of Senshukai and Daimaru Matsuzakaya Department Stores and collaboration on Senshukai's strong maternity, baby and childcare categories and department store's strong national brand category.

Evolution of communication methods

We will also try to establish the communication methods customized for each customer by developing and using a smartphone application. The use of the application will enable, for example, not just the identification of customers but also cashless payment by registering credit card information. In addition, it will be able to be used as a real-time and bidirectional communication channel. It is also expected to serve as a tool which provides incentives such as points and coupons and collects buying information and behavior information. Thus, with the use of ICT, we will newly build important customer touch points and deepen shopping experiences through the sophistication of services.

+ Strengthening of customer touch points using application <schematic illustration>



Invest in and send human resources to venture capital firms We invest in a venture capital firm in North America from 2016 to efficiently obtain information on advanced ICT-related technologies and new business models which can have a favorable impact on the business of the Group. We also send employees who are engaged in management strategies to local companies for a long term for continuous human resource development. With these initiatives, we will embody new services and businesses through open innovation.

And ICT also helps reform working styles

We will renovate our operation system using ICT to support the promotion of growth strategy. First, by analyzing the operation process from the upstream to the downstream, we will renew the infrastructure for the operation system centered on the introduction of RPA* and paperless processing and promote the computerization of business forms. And then, by centralizing and modularizing common operation functions which are dispersed in each company in the Group, we will establish a platform which can seamlessly respond to business expansion and cooperation among businesses. Through the promotion of these initiatives, we will help each company in the Group reform its working styles to increase productivity.

*RPA: Robotic Process Automation